

Office of Chief Counsel
Internal Revenue Service

memorandum

CC:MSR:AOK:OKL:TL-N-4724-00
CGMcLoughlin

date: **AUG 17 2000**

to: Chief, Examination Division, Arkansas-Oklahoma District
Attn: Charles Musgrove

from: District Counsel, Arkansas-Oklahoma District, Oklahoma City

subject: **Request for Advisory Opinion**

Taxpayer: [REDACTED]

Taxable year: [REDACTED]

DISCLOSURE STATEMENT

This advice constitutes return information subject to I.R.C. § 6103. This advice contains confidential information subject to attorney-client and deliberative process privileges and if prepared in contemplation of litigation, subject to the attorney work product privilege. Accordingly, the Examination or Appeals recipient of this document may provide it only to those persons whose official tax administration duties with respect to this case require such disclosure. In no event may this document be provided to Examination, Appeals, or other persons beyond those specifically indicated in this statement. This advice may not be disclosed to taxpayers or their representatives.

This advice is not binding on Examination or Appeals and is not a final case determination. Such advice is advisory and does not resolve Service position on an issue or provide the basis for closing a case. The determination of the Service in the case is to be made through the exercise of the independent judgment of the office with jurisdiction over the case.

DISCUSSION

We are responding to your request for assistance in drafting a proposed restricted consent to extend the assessment statute for the subject taxpayer's [REDACTED] taxable year. The taxpayer is currently under examination with the principal issues being: (1) the proper treatment of the taxpayer's acquisition of certain debt owed to a third party at a discount; and (2) the basis of certain assets acquired with the third party debt. The statute of limitations on assessment for the [REDACTED] taxable year is

scheduled to expire on [REDACTED]. The taxpayer is agreeable to extending the statute of limitations, but desires a restricted consent limiting the extension to the issues currently under examination. The consent is needed to permit sufficient time for Appeals consideration of the proposed examination adjustments. You have requested our assistance in drafting the desired restricted consent.

To accomplish these goals, we recommend the following language be added to the Form 872:

The amount of any deficiency assessment is to be limited to that resulting from any adjustments to income, deductions or credits and any adjustments to the basis of assets relating to the acquisition of [REDACTED] stock and the subsequent liquidation of [REDACTED] and the acquisition, directly or indirectly, and the cancellation or extinguishment, directly or indirectly, of debt owed to [REDACTED], including any consequential changes to other items based on such adjustments.

This language is sufficiently broad to cover all adjustments associated with the matters under examination.

Please contact Glenn McLoughlin at (405) 297-4803 if you have any questions.

MICHAEL J. O'BRIEN
District Counsel

By: 

C. GLENN McLOUGHLIN
Acting Assistant
District Counsel

cc: ARC (TL), Midstates Region
ARC (LC), Midstates Region